

**STATE OF CONNECTICUT**  
**State Innovation Model**  
***Equity and Access Council***  
***Design Group 2 – Payment Calculation and Distribution***  
***Design Workshop #1***

**Meeting Summary**  
**Thursday, February 17, 2015**  
**12:00 – 1:00 p.m.**

**Location:** By Webex and Conference Call

**Members Present:** Ellen Andrews; Chris Borgstrom; Gaye Hyre; Donald Stangler; Keith vom Eigen; Katherine Yacavone

**Other Participants:** Stephen Frayne; Mark Schaefer; Katie Sklarsky; Adam Stolz

**Agenda Items:**

1. Introductions
2. Public Comment
3. Overview of Design Group Process
4. Overview of Shared Savings
5. Payment Calculation
6. Payment Distribution
7. Synthesis of Payment Calculation & Distribution Initial Hypothesis

**Meeting Summary:**

The meeting was called to order at 12:03pm.

Katie Sklarsky facilitated a group discussion. Participants articulated a number of perspectives including:

- Several members expressed the view that, all else equal, the greater the financial pressure on a provider to hit a given cost target, the higher the potential risk of inappropriate under-service will be. Members suggested several options for how to make savings reasonably attainable while incentivizing higher quality and lower costs. These recommendations included:
  - Only allow providers to receive shared savings if quality/other performance measures are met.
  - Provide incentive payments if quality/other performance measures are met regardless of whether savings are achieved.
  - General consensus to not have a minimum savings rate within the early year(s) of the shared savings program, so any savings achieved are shared with the providers (assuming the quality/performance measures are met). If there is a minimum savings rate, it should be set at a lower rate (e.g. 1%) to make achieving savings more attainable and to reduce the “all or nothing” aspect of hitting reaching the MSR.
  - The additional financial burden taken on by ACOs to develop the infrastructure to manage the health of a population may also serve as a financial barrier that could lead to inappropriately cutting costs in order to achieve savings.
- In addition, the group also discussed the importance of infrastructure investment in achieving clinical transformation, which will impact quality and access above and beyond any direct impact to under-service.
  - The group liked the idea that when savings were achieved but not eligible for distribution (either because the MSR was not met or because quality/performance targets were not met), the money

- should be re-invested back either (a) into the delivery system as a whole or (b) into the ACO (following a set of guidelines to support the ACO's future ability to deliver high performance).
- There was discussion about the need for advance payments to ACOs to support building the necessary infrastructure outside of shared savings or performance incentive payments.
  - There were several perspectives on how the way savings are distributed might impact under-service and patient selection.
    - Given the complexity and the variation in the ownership and governance structures of ACOs, a uniform distribution methodology is likely not an appropriate solution. If each ACO determines on its own how to distribute savings internally, the EAC's recommendations could be about how to comprehensively monitor how savings are being distributed to ensure the distribution methodology used does not lead to any perverse incentives.
    - The distribution methodology will impact physicians' buy-in to the goals of a shared savings program. In particular, if physicians are not exposed to the financial incentives associated with the ACO's shared savings performance, it may inhibit their buy-in to achieving clinical quality and efficiency outcomes.
  - Follow up Items/Parking Lot Issues
    - Suggested that we should look at the ACO governance and saving distribution arrangements that exist today to inform the Council's thinking (it was stated that information about these arrangements is publicly available).
    - How does vertical integration impact the way a shared savings program works?

The meeting adjourned at 1:00pm.